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**SUBMISSION OF BID  
STEP TWO OF TWO-STEP SOLICITATION**

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**SURPLUS SCRAP MATERIAL**  
**DEFENSE REUTILIZATION AND MARKETING SERVICE**

**IFB No. 35-1002**

**Bidding Instructions  
and  
Bid Forms**

**NOVEMBER 8, 2002 DRAFT**

**BID RECEIPT DEADLINE AND BID OPENING**  
**Weekday Month 99, 2003, 9:00 A.M. EST**

# **IFB No. 35-1002**

## **Bidding Instructions and Bid Forms**

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# **BIDDING INSTRUCTIONS AND BID FORMS**

## **I. GENERAL INSTRUCTIONS**

### **A. Bid Forms and Bid Deposit**

Your refundable Bid Deposit and the Bid Forms provided in Attachment A must be delivered to and received by DRMS before the bid opening at 9:00 am EST on XXX Weekday Month 99, 2003. Address your Bid Deposit and Bid Forms to:

Tina Aldrich  
Sales Contracting Officer  
DRMS - BP  
74 North Washington Avenue  
Battle Creek, Michigan 49017

Your refundable Bid Deposit must be in the form of a guaranteed (cashier's or treasurer's) check, payable to "U.S. Treasury," in the amount of twenty-five thousand dollars (\$25,000.00) per Region on which you are bidding.

The offeror may submit up to seven (7) possible bids. These consist of up to three (3) bids for the individual Regional Product Subpools (North, South, and West, respectively), and up to four (4) all-or-nothing bids for any combination of the Regional Product Subpools (North/South, North/West, South/West, and National (North/South/West), respectively). Regardless of the number of bids submitted, only one bid deposit is required.

You must complete and submit the following three (3) Bid Forms in hardcopy:

1. Item Bid and Award Page
2. Item Bid Page
3. Item Bid Worksheet

The Item Bid and Award Page (1) should be submitted only once. The Item Bid Page (2) and the Item Bid Worksheet (3), however, should be submitted for each bid. Seven (7) sets of Bid Forms are provided, each labeled for one of the seven (7) possible bid offerings. In addition to the hardcopy, Bid Forms (2) and (3) should be submitted as Excel spreadsheets whenever possible. These spreadsheets will be provided.

## **B. Item Bid and Award Page**

Provide all requested information on Bid Form (1), the Item Bid and Award Page (page A-2 of Attachment A, "Bid Forms"). An authorized representative of the offeror must sign this form where indicated.

## **C. Clerical Errors**

Because this is a government contract subject to strict procedural rules, your Bid Forms must be complete and accurate. Any bid errors, even clerical errors, such as misplacing a decimal point, may have severe consequences. Mistakes in bids will be reviewed in accordance with 41 C.F.R. Subpart 101-45.8.

For example, assume that you intended to bid \$1 per pound, but that you bid \$1 per ton instead (forgetting that the bid is always interpreted as a price per pound). You may lose the contract even if your intended bid would have been the winning bid.

The following instructions are intended to help the prospective offeror to avoid bidding errors and to submit its intended bid accurately and in compliance with the requirements of the Bid Forms.

## **D. Rejection of Bids**

DRMS reserves the right to reject any particular bid if DRMS determines that accepting such bid would not be in the Government's best interest.

## **E. Tie Bids**

Pursuant to applicable Federal Property Management Regulations, if more than one bidder offers an identical Total Bid Price that is higher than all other offered Total Bid Prices, the winning bidder will be determined by lot.

## **II. ITEM BID PAGE AND DETERMINATION OF WINNING BID**

### **A. Item Bid Page**

The purpose of the Item Bid Page (pages A-3(a) to A-3(g) of Attachment A, “Bid Forms”) is to record formally the Bid Values of the offeror.

1. Enter bids in dollars per pound for each of the “Sale Items” numbered from 1 to 8.
2. Express Bid Values to four decimal places (that is, to the nearest one ten-thousandth of one dollar). Any digits to the right of the fourth decimal place will be ignored in calculating the offered Bid Price.
3. Each Bid Value must exceed zero.
4. The minimum acceptable bid, therefore, is one ten-thousandth of one dollar (\$0.0001).

### **C. Determination of Winning Bid(s)**

To determine the winning bid(s), DRMS will use the Bid Values entered on the Item Bid Page and calculate a “Total Bid Price” as presented in Section III of the IFB. First, DRMS will multiply each of the eight (8) Bid Values on the Item Bid Page by the respective Bid Schedule Scrap Weight in the Bid Schedule Pool (Table II-1, below). DRMS will then total the resulting dollar amounts to determine the bidder's “Total Bid Price” for the Regional Product Subpool (or for the Combined Subpool).

Roughly speaking, DRMS will choose winning bids so as to maximize the sum of the Total Bid Prices across regions. For example, assume there are only two bidders each offering only one bid. Bidder A offers a high bid for the North. Bidder B offers an all-or-nothing bid for the North/South that is only one dollar higher. Here, Bidder B wins, despite the fact that his average Bid Price is lower.

DRMS may use its discretion in determining winning bids in extreme special cases. DRMS may also elect to ask for revised bids.

Mistakes in bids will be reviewed in accordance with 41 C.F.R. Subpart 101-45.8. In order to minimize the chance of bidder mistakes when entering their Bid Values, bidders are required to complete and submit the Item Bid Worksheet (pages A-4(a) to A-4(g) of Attachment A, “Bid Forms”). Though it is provided primarily for the purpose of minimizing potential bidding errors, it may also be relevant in the review of bids.

**Table II-1**  
**Bid Schedule Scrap Weights**  
**by Product Subpool**  
**(Thousands of Pounds)**

Bid Category	Product Subpool						
	North	South	West	National	North/ South	North/ West	South/ West
Aluminum	4,200	7,400	6,400	18,000	11,600	10,600	13,800
Brass and Copper	2,700	4,500	3,300	10,500	7,200	6,000	7,800
Steel and Iron	89,000	67,000	85,000	241,000	156,000	174,000	152,000
High Temp Alloys	300	1,800	100	2,200	2,100	400	1,900
Stainless Steel	600	800	1,000	2,400	1,400	1,600	1,800
Paper	23,600	16,400	16,500	56,500	40,000	40,100	32,900
Other (Metallic)	1,500	1,500	9,400	12,400	3,000	10,900	10,900
Other	9,200	12,400	8,700	30,300	21,600	17,900	21,100
<b>Total</b>	<b>131,100</b>	<b>111,800</b>	<b>130,400</b>	<b>373,300</b>	<b>242,900</b>	<b>261,500</b>	<b>242,200</b>

Note: The Bid Schedule Subpools show a hypothetical (but representative) annual scrap flow.

### III. ITEM BID WORKSHEET

#### A. Worksheet Instructions

The purpose of Bid Form (3), Item Bid Worksheet (pages A-4(a) to A-4(g) of Attachment A, "Bid Forms"), is to assist in the correct implementation of the offeror's intended bid. In addition, it illustrates how DRMS will calculate the offeror's Total Bid Price.

The Worksheet, first discussed in Section III of the IFB, instructs the offeror how to calculate its Bid Prices exactly as they will be computed by DRMS. It is in this manner that DRMS will determine the Total Bid Prices for all offerors and the winning bidders will be chosen as those with the highest bids.

1. Fill out the Item Bid Worksheet.
2. Verify that the Bid Values copied from the worksheet are identical in terms of respective amounts and format to those on the Item Bid Page.
3. Follow the instructions provided on the bottom of the worksheet (Steps 1-3) to calculate the Total Bid Price corresponding to the Bid Values entered in the Item Bid Page.

## **B. Hypothetical Example Worksheet**

The Hypothetical Example Worksheet at the end of this section provides an example of a correctly implemented hypothetical bid and the calculation of the corresponding Total Bid Price.

The Hypothetical Example Worksheet was based on the following illustrative example for the National Product Subpool, parameterized to recent DRMS data.

1. Assume that the bidder uses the data on recent trends in DRMS scrap prices presented in Table II-4 and depicted in Figures II-7(a) to II-7(c) of the IFB, to develop the following prices as a starting point for its bid determination.

<b>Table III-1 Hypothetical Scrap Prices (National Product Subpool)</b>	
<b>Bid Category</b>	<b>Gross Proceeds per Pound</b>
Aluminum	\$0.2548
Brass and Copper	\$0.3746
Steel and Iron	\$0.0214
High Temp Alloys	\$1.3470
Stainless Steel	\$0.2333
Paper	\$0.0248
Other (Metallic)	\$0.1141
Other	\$0.0183

2. Assume that the bidder estimates Direct Costs to be approximately 50% of DRMS Gross Proceeds. Applying that 50% factor uniformly across all Bid Categories would yield the hypothetical prices in Table III-2 below.

<b>Table III-2 Hypothetical Scrap Prices Adjusted for Direct Costs (National Product Subpool)</b>	
<b>Bid Category</b>	<b>Net Proceeds per Pound</b>
Aluminum	\$0.1274
Brass and Copper	\$0.1873
Steel and Iron	\$0.0107
High Temp Alloys	\$0.6735
Stainless Steel	\$0.1166
Paper	\$0.0124
Other (Metallic)	\$0.0571
Other	\$0.0091



3. Now applying a 20% factor to reflect the 20% sharing percentage in the contract, yields the hypothetical contractor share of proceeds shown in Table III-3 below.

<b>Table III-3 Hypothetical Contractor Share of Proceeds (National Product Subpool)</b>	
<b>Bid Category</b>	<b>Net Proceeds per Pound</b>
Aluminum	\$0.0255
Brass and Copper	\$0.0375
Steel and Iron	\$0.0021
High Temp Alloys	\$0.1347
Stainless Steel	\$0.0233
Paper	\$0.0025
Other (Metallic)	\$0.0114
Other	\$0.0018

4. Assume finally that the bidder attempts to balance risk factors (such as risk associated with product flow, operational costs, declining prices, etc.) against the potential for net revenue enhancement. The bidder develops the hypothetical net risk discounts presented in Table III-4, Hypothetical Risk Discounts. Note that the bidder applies a small discount for the Bid Categories with low price variation, and increasing discounts for Bid Categories with greater price variation, where the risks are greater.

<b>Table III-4</b> <b>Hypothetical Risk Discounts</b> <b>(National Product Subpool)</b>	
Bid Category	Contractor Risk Discount
Aluminum	18%
Brass and Copper	19%
Steel and Iron	44%
High Temp Alloys	32%
Stainless Steel	25%
Paper	28%
Other (Metallic)	23%
Other	21%

5. The application of these risk discounts (Table III-4) to the Hypothetical Contractor Share of Proceeds (Table III-3) yields the hypothetical structure of Bid Values presented in Table III-5 below and used in Section III.C of the IFB for Bidder A's winning Bid.

<b>Table III-5</b> <b>Hypothetical Bid Values</b> <b>(National Product Subpool)</b>	
Bid Category	Bid Value per Pound
Aluminum	\$0.0209
Brass and Copper	\$0.0303
Steel and Iron	\$0.0012
High Temp Alloys	\$0.0916
Stainless Steel	\$0.0175
Paper	\$0.0018
Other (Metallic)	\$0.0088
Other	\$0.0014

6. These Bid Values are used to determine the Total Bid Price in the Hypothetical Example Worksheet, Table III-6, below.

<p style="text-align: center;"><b>Table III-6</b>  <b>Hypothetical Example Worksheet for National Product Subpool</b></p>				
Column 1	Column 2	Column 3	Column 4	Column 5
Bid Category	Bid Schedule Scrap Weight (Thousands of Pounds)	Bid Value per Pound	Bid Price (1000 X Col. 2 X Col. 3 )	Total Bid Price
Aluminum	18,000	\$0.0209	\$376,099	
Brass and Copper	10,500	\$0.0303	\$318,596	
Steel and Iron	241,000	\$0.0012	\$289,325	
High Temp Alloys	2,200	\$0.0916	\$201,510	
Stainless Steel	2,400	\$0.0175	\$41,993	
Paper	56,500	\$0.0018	\$101,018	
Other (Metallic)	12,400	\$0.0088	\$108,963	
Other	30,300	\$0.0014	\$43,698	
<b>Total (National)</b>	373,300			\$1,481,201

## **ATTACHMENT A:**

### **BID FORMS**

The Bid Forms provided herein must be delivered to and received by DRMS with your Bid Deposit no later than 9:00 a.m. EST on XXX Weekday Month 99, 2003. Address your Bid Forms and Bid Deposit as follows:

Tina Aldrich  
Sales Contracting Officer  
DRMS - BP  
74 North Washington Avenue  
Battle Creek, Michigan 49017

You must complete and submit the following three (3) Bid Forms in hardcopy:

1. Item Bid and Award Page
2. Item Bid Page
3. Item Bid Worksheet

The Item Bid and Award Page (1) should be submitted only once. The Item Bid Page (2) and the Item Bid Worksheet (3), however, should be submitted for each bid. Seven (7) sets of Bid Forms are provided, each labeled for one of the seven (7) possible bid offerings. In addition to the hardcopy, Bid Forms (2) and (3) should be submitted as Excel spreadsheets whenever possible. These spreadsheets will be provided.

**SURPLUS INDUSTRIAL PROPERTY  
INVITATION FOR BIDS  
STEP TWO OF TWO-STEP SEALED BIDDING**

**RFTP No. 35-1002**

**SALE OF GOVERNMENT PROPERTY  
1. ITEM BID AND AWARD PAGE**

Address Your Bid To:  Tina Aldrich Sales Contracting Officer DRMS – BP 74 North Washington Avenue Battle Creek, Michigan 49017	Bids Will be Opened At:  Defense Reutilization and Marketing Service DRMS-BP 74 North Washington Avenue Battle Creek, Michigan 49017			
	Date:  XXX Day, Month, 2003	Time:  9:00 a.m. EST		
Sealed bids for purchasing the items listed on this IFB will be accepted at the address shown above until the specified date and time. At that time the bids will be publicly opened, subject to:				
1. TERMS AND CONDITIONS AS SET FORTH IN THE INVITATION FOR BIDS.				
2. PAYMENT REQUIREMENTS AS SET FORTH IN THE INVITATION FOR BIDS.				
BID (This Section to be Completed by the Bidder)				
In compliance with the above, the undersigned offers and agrees, that the Government may accept this Bid at any time within one hundred twenty (120) calendar days after the date of Bid Opening. The amount of the Bid Value is as set forth on the attached Item Bid Page.				
THE BIDDER (Check appropriate boxes):  1. <input type="checkbox"/> is, <input type="checkbox"/> is not, an individual or a small business concern. (See CFR, title 13, Chapter 1, Part 121, Sec. 121.2-9, for the definition of small business.) 2a. <input type="checkbox"/> has, <input type="checkbox"/> has not, employed or retained any company or person (other than a full-time, bona fide employee working solely for the Bidder) to solicit and secure this contract, and 2b. <input type="checkbox"/> has, <input type="checkbox"/> has not, paid or agreed to pay any company or person (other than a full-time, bona fide employee working solely for the Bidder) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract; and agrees to furnish information relating to (a) and (b) above as requested by the Sales Contracting Officer (for interpretation of the representation, including the term "bona fide employee." (See CFR, Title 41, Subpart 101-65.3.)				
Name and Address of Bidder (Street, City, State and Zip Code) (Type or Print) (MUST BE ON ENVELOPE)   Telephone Number:	Signature of Person Authorized to Sign This Bid    <table style="width: 100%; border: none;"> <tr> <td style="width: 70%; border: none; padding: 5px;">Signer's Name and Title (Type or Print)</td> <td style="width: 30%; border: none; padding: 5px;">Date of Bid</td> </tr> </table>		Signer's Name and Title (Type or Print)	Date of Bid
Signer's Name and Title (Type or Print)	Date of Bid			
ACCEPTANCE BY THE GOVERNMENT (This Section for Government Use Only)				
Accepted as to all items (FOR ACCEPTANCE INFORMATION SEE DRMS FORM 1427 ATTACHED)	United States of America By:  (Sales Contracting Officer)	Date of Acceptance		
Contract Number	Name and Title of Sales Contracting Officer			

XXX Note: Bid forms 2 and 3 are located in S:\DRMS\Surplus Sales Privatization (SP4410-96-R-105)\Scrap\Data\Bid Instructions and Bid Forms\Bid Forms (text v02).xls